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ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Written statement submitted by the Indian Movement "Tupaj Amaru", a non-governmental organization in special consultative status*

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1996/31.

[12 January 2001]

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* This written statement is issued, unedited, as received from the submitting non-governmental organization.

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THE IMPACT OF STRUCTURAL ADJUSTMENT PROGRAMMES

1. Given the continuing deterioration in enjoyment of the basic rights to food, clothing and housing, in other words, the right to equitable development that would allow peoples to make effective use of their natural resources in a dignified manner, the international community needs to make a careful, objective analysis of the structural adjustment programmes imposed on developing countries by the international financial institutions.

2. In 1944, amid the devastation of the Second World War, the Bretton Woods architects established the International Monetary Fund (IMF) and the World Bank - two of the main institutions of the United Nations international financial system - to promote the economic development of the poorest countries in the world and to create prosperity for their peoples.

3. Under its Articles of Agreement, the purpose of the IMF was to "facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income, and to the development of ... productive resources", and to "promote exchange stability" and "lessen the degree of disequilibrium in the international balances of payments of members".

4. Fifty-six years after the institutions were set up, the monetary policy record is pitiful. The financial summit held in Madrid in 1994 to celebrate with great fanfare the golden jubilee of the World Bank and IMF produced the slogan "market flexibility", meaning that people's fate was to be left to the mercy of market forces.

5. IMF has been using and abusing its recommendations, which have acquired binding force, to liberalize world trade, devalue currencies, deregulate prices, freeze wages, reduce health and education budgets, and privatize State-owned enterprises at whatever cost.

6. In fact, these supranational institutions are controlled by the most highly developed countries and are tools in those countries' strategies of neo-colonialist domination. Their anachronistic mechanisms and anti-democratic procedures, as expressed in the "one dollar - one vote" formula, ensure they are not financial bodies for distributing wealth in a fair and equitable manner, since social justice is not one of their priorities and they are not interested in the material and spiritual wants of peoples.

7. The United States of America, which has run up a deficit of $300 billion without having a single structural adjustment programme imposed on it by IMF, has managed to accumulate so many privileges and such absolute power that it has aquired the right to control 17.8 per cent of the votes.

8. In practice, the most powerful economic and military Power has the power of veto in the international financial system, and this weapon enables it to block any decision that does not suit its strategic interests. Meanwhile, many indebted countries have lost some of their national sovereignty, compromised their economic independence and mortgaged their natural resources for several generations to come under the infamous "conditionality" clauses.

9. Nowadays, when we talk about the Bretton Woods institutions we are talking about the extreme poverty affecting millions of human beings around the world, the poor countries' exorbitant external debt, financial crises, rampant speculation, corruption at all levels and money-laundering by the international Mafia.

10. The structural adjustment programmes implemented for over two decades now have not been successful anywhere and have not resolved the problems endemic to the countries of the South. On the contrary, 20 years of experience have shown that these financial policies, far from promoting fair and equitable development, have had a brutal effect on the most vulnerable strata of society, particularly indigenous populations.

11. In his report on the effects of structural adjustment policies on economic, social and cultural rights, the independent expert Mr. Fantu Cheru objectively and impartially analyses the negative impact of so-called economic programmes or reforms. His conclusions and recommendations therefore deserve special attention from Governments and specialized development agencies.

EXTERNAL DEBT

12. The neo-liberal model advocated by IMF, the World Bank and the World Trade Organization (WTO) represents an attempt to turn the world into one enormous free-trade zone. The global debt rate has nowadays become a powerful social time bomb which, if it explodes, could cause the entire global economy to collapse, as shown by the financial crises in Mexico, the Russian Federation, Asia and Brazil.

13. According to the report by the independent expert of the Commission on Human Rights, at the beginning of 1996, the total foreign debt owed by developing countries to Western Governments and multilateral organizations such as IMF, the World Bank and international aid agencies was $1.8 trillion (see E/CN.4/1999/50).

14. This astronomical sum, which is beyond the wildest dreams of the poor nations, was distributed among the regions as follows: $656 billion owed by Latin America, $340 billion by Africa and $857 billion by Asia (see *World Economic and Social Survey 1997*, New York). As for the relationship between debt and gross national product (GNP), the debt burden of sub-Saharan Africa was 123 per cent of its GNP, compared with 41 per cent in the case of Latin America and 28.2 per cent in the case of Asia (ibid.).

15. This means that the rate of indebtedness of these countries doubled between 1994 and 1996. In the case of Latin America, the main debtor countries are Brazil, Mexico, Venezuela and Argentina, 81 per cent of whose debt is with banks from the United States of America (see *Revista Banco Nacional de Comercio Exterior*, Mexico, March 1991).

16. The operation of this subtle and well-honed modern-day mechanism ensures the unconditional surrender of natural resources to the multinationals, the exploitation of cheap labour and the imposition on the poor countries of the neo-liberal doctrine as a universal value system. The indebted developing countries paid creditor countries a total of $189 billion in 1995 and $213 billion in 1996 in interest and debt-servicing.

17. During the cold war, the rich countries and the Western banks were only too glad to make loans to anti-democratic, corrupt Governments and military dictatorships, whose leaders stole or used a good deal of the money to repress their own peoples. There is now a more pressing need than ever for international mechanisms to recover the money misappropriated and stolen by corrupt rulers.

18. At the same time, IMF and the World Bank refused to grant credit to Cuba and closed their doors to progressive regimes, with the clear aim of stifling their economies for strictly ideological reasons. This double standards policy is incompatible with the spirit of international cooperation that places North and South on an equal footing.

EXTREME POVERTY

19. Following the logic of the globalization of capital, markets and corporations, the neo-liberal formulas imposed by IMF, the World Bank and WTO have only served to make the majority poorer and widen the gulf between rich and poor, as well as increasing unemployment, extreme poverty, racism and xenophobia, particularly with regard to indigenous peoples.

20. Under globalization, structural adjustment programmes have not only served to drive forward trade liberalization, financial deregulation and the arrogant interference of transnational corporations in all spheres of society, but have continued to swell the army of the poor, who are marginalized and excluded from the new international economic order.

21. The criteria or indicators used at the World Summit for Social Development held in Copenhagen in 1995 to define poverty are relative, not to say subjective insofar as they do not reflect the harsh reality. Only the poor themselves know what hunger is, when the hungry person does not have even a piece of bread to eat, or shelter or a blanket to protect them from the cold or a roof over their heads or an aspirin to relieve a headache.

22. Studies carried out estimate that 1.3 billion people - 20 per cent of the world's population - are living in poverty, with some 60 per cent of these people living in extreme poverty. In the rural population as a whole, indigenous populations account for over 80 per cent of the total number of poor and extremely poor people in the developing countries (61 per cent in the case of Latin America and the Caribbean).

23. In the Russian Federation, a country in transition towards unfettered capitalism, the new oligarchs have appropriated the wealth of the Soviet people and now control over 50 per cent of the economy, channel loans to their companies and private banks, and shamelessly embezzle IMF loans. Meanwhile, over 15 million people are suffering from hunger and another 35 million live in poverty, with three quarters of the population living below the poverty line.

24. The confusion is such that, in the name of the sacrosanct economic law of supply and demand, speculators who actually produce nothing are getting rich from one day to the next by buying and selling illusory, non-existent assets.

25. At the same time, the accumulated wealth of the three richest people in the world is higher than the total GNP of the 48 least developed countries. The current international economic order is profoundly unjust, totally unsustainable and morally bankrupt.

26. Since IMF and the World Bank have failed in their mission to promote the fair and equitable development of the poor countries, the Commission on Human Rights should study as a matter of priority the impact of structural adjustment programmes on the enjoyment of human rights with a view to the abolition of the right to a veto, so that the international monetary system as a whole can be radically reformed.